

INTERNATIONAL PRESS SOFTCOM LIMITED

(Company Registration No.: 197201169E)

(Incorporated in the Republic of Singapore)

PROPOSED NON-RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

- 1.1 **Rights Issue.** The Board of Directors of International Press Softcom Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing a non-renounceable non-underwritten rights issue (“**Rights Issue**”) of up to 292,814,666 new ordinary shares in the capital of the Company (“**Rights Shares**”), at an issue price of S\$0.011 per Rights Share (“**Issue Price**”), on the basis of two (2) Rights Shares for every three (3) existing ordinary shares of the Company (“**Shares**”) held by Entitled Shareholders (as defined below) as at the date and time to be determined by the Directors for the purposes of determining the provisional allotments of Rights Shares of the Entitled Shareholders (“**Books Closure Date**”) under the Rights Issue, fractional entitlements to be disregarded. The Rights Issue is pursuant to and subject to, *inter alia*, the approvals set out in paragraphs 1.2 and 6 below.
- 1.2 **Share Issue Mandate.** The Rights Shares will be issued pursuant to the authority granted by the shareholders of the Company (“**Shareholders**”) under the general share issue mandate (“**Share Issue Mandate**”) at the annual general meeting of the Company held on 26 April 2018 (“**2018 AGM**”), pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore and subject to Rule 806 of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for issue of Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2018 AGM, provided that the aggregate number of Shares to be issued other than on a *pro rata* basis to existing Shareholders does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2018 AGM.
- 1.3 As at date of the 2018 AGM, the total number of Shares in issue (excluding treasury shares and subsidiary holdings) was 439,222,000 and as at the date of this announcement, no Shares have been previously issued under the Share Issue Mandate granted at the 2018 AGM. As such, the maximum number of Shares that may be issued pursuant to the Share Issue Mandate, on a *pro rata* basis to existing Shareholders, is 439,222,000.
- 1.4 As the maximum number of Rights Shares (being up to 292,814,666 Rights Shares) to be issued pursuant to the Rights Issue is within the limit of the Share Issue Mandate and the Issue Price, being a discount of approximately 8.33% to the weighted average price of S\$0.012 for trades done on the SGX-ST on 31 May 2018, being the last trading day on which the Shares were traded on the SGX-ST prior to

the release of this announcement, is less than a 10% discount, the Company will not be seeking specific approval from Shareholders for the Rights Issue and the Rights Issue would be undertaken pursuant to Catalist Rule 816(2)(a)(ii).

- 1.5 **Shareholders should note that as the Rights Issue is made on a non-renounceable basis, the provisional allotment cannot be renounced in part or in whole in favour of a third party or traded on the SGX-ST.**

2. RIGHTS ISSUE

- 2.1 **Terms.** The Company is proposing the Rights Issue to be offered on a non-renounceable non-underwritten basis to Entitled Shareholders on the basis of two (2) Rights Shares for every three (3) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

- 2.2 **Issue Price.** The Issue Price of S\$0.011 per Rights Share represents a discount of:

- (a) approximately 8.33% to the weighted average price of S\$0.012 per Share for trades done on the SGX-ST on 31 May 2018, being the last trading day on which the Shares were traded on the SGX-ST prior to the release of this announcement; and
- (b) approximately 5.17% to the theoretical ex-rights price of S\$0.0116 per Share ("**Theoretical Ex-Rights Price**")⁽¹⁾.

Note:

- (1) The Theoretical Ex-Rights Price is the theoretical market price of each Share assuming up to 292,814,666 Rights Shares are issued pursuant to the Rights Issue, and is computed based on (A) the sum of (i) the Company's market capitalisation based on the closing price of S\$0.012 per Share on the SGX-ST on 31 May 2018; and (ii) the maximum gross proceeds of the Rights Issue, divided by (B) the enlarged share capital comprising 732,036,666 Shares.

- 2.3 **Size.** Based on the number of existing issued Shares as at the date of this announcement and assuming that there is no change in the share capital of the Company as at the Books Closure Date, up to 292,814,666 Rights Shares will be allotted and issued. Pursuant thereto, the share capital of the Company will increase to an aggregate of up to 732,036,666 Shares ("**Enlarged Share Capital**").

- 2.4 **Entitled Shareholders.** Entitled Shareholders will be at liberty to accept (in full or in part) or decline their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. As the Rights Issue is made on a non-renounceable basis, Entitled Shareholders will not be able to trade their provisional allotments of Rights Shares.

- 2.5 Fractional entitlements to the Rights Shares will be disregarded, and will be aggregated with the entitlements to the Right Shares not allotted or taken up for any reason and shall be used to satisfy applications, if any, for excess Rights Shares or

otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

- 2.6 In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares.
- 2.7 **Offer Information Statement.** The terms and conditions of the Rights Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement to be issued in connection with the Rights Issue (“**OIS**”), which will be lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore (“**MAS**”) and despatched by the Company to Entitled Shareholders in due course.
- 2.8 **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares. For this purpose, a “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or the CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.
- 2.9 **Non-Underwritten Rights Issue.** In view of there being no minimum amount to be raised by the Rights Issue and taking into consideration the irrevocable undertaking provided by International Press Holdings Pte Ltd (“**IPH**”) as set out in paragraph 4.2 below, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.
- 2.10 **Option to Scale Down Subscription.** Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders to avoid placing the relevant Shareholder and parties acting in concert with him/her/it (as defined in the Singapore Code of Takeovers and Mergers (“**Code**”)) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares entitlements fully.

3. **RATIONALE AND USE OF PROCEEDS OF THE RIGHTS ISSUE**

- 3.1 **Rationale of the Rights Issue.** The Company is proposing the Rights Issue to enhance its working capital. The Rights Issue will also help strengthen the Group’s financial position by augmenting the Group’s balance sheet and improving its cashflow position. This will enhance the Group’s ability to formulate, strategise and

execute its business plans. It will also provide the Group with greater financial capacity and flexibility to capitalise on any investment opportunities in a timely manner as and when such opportunities arise.

3.2 In addition, proceeds from the Rights Issue would also be used for reducing the Company's outstanding obligations, including directors' fees, shareholder's loan, and revolving credit facilities. Please refer to paragraphs 3.3 and 4.4 below for more details. With the outstanding debts under the revolving credit facilities and shareholder's loan repaid, the Company would thereby reduce its borrowing costs in connection with the revolving credit facilities.

3.3 **Use of Proceeds.** Given that the Rights Issue would be fully subscribed in view of the irrevocable undertaking provided by IPH as set out in paragraph 4.2 below, the estimated net proceeds from the Rights Issue (after deducting estimated expenses for the Rights Issue of approximately S\$120,000) is expected to be approximately S\$3,101,000 ("**Net Proceeds**"). The Company intends to use the Net Proceeds in the following manner:

Intended Use of Net Proceeds	Amount Allocated (S\$)	Percentage Allocation (%)
Offsetting of Shareholder's Loan ⁽¹⁾	733,500	24
Repayment of outstanding debts ⁽²⁾	Up to 1,000,000	Up to 32
Payment of directors' fees ⁽³⁾	555,000	18
For general corporate and working capital purposes including but not limited to (i) operating costs and (ii) making strategic investments and/or acquisitions if opportunities arise	812,500	26
Total	3,101,000	100.0

Notes:

- (1) Please refer to paragraph 4.4 of this announcement for details of the Shareholder's Loan.
- (2) As at the date of this announcement, the Company has a revolving credit facility of S\$500,000. The Company also intends to enter into a new revolving credit facility of S\$500,000 during the period from June to July 2018. The Company intends to use up to S\$1,000,000 of the Net Proceeds to repay the aforementioned revolving credit facilities, which have been/would be used for working capital purposes.
- (3) As at the date of this announcement, an aggregate amount of S\$555,000 is owing from the Company to its directors in the form of directors' fees, out of which S\$265,000 has been

approved for payment by Shareholders at the 2018 AGM and the balance of S\$290,000 has been approved by Shareholders at the previous annual general meetings of the Company.

- 3.4 Pending the deployment of the Net Proceeds for the uses identified above, such Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Company.
- 3.5 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated above and further, provide a status report on the specific use of the proceeds in its interim and full-year financial statements, and in its annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and annual report. Where there is any material deviation from the stated use or proceeds, the Company will announce the reason for such deviation.

4 IRREVOCABLE UNDERTAKING

- 4.1 As at the date of this announcement, International Press Holdings Pte Ltd (“**IPH**”), the controlling Shareholder of the Company, holds an aggregate interest in 286,839,480 Shares, representing approximately 65.31% of the total issued Shares. Accordingly, IPH will be entitled to subscribe for an aggregate of up to 191,226,320 Rights Shares.
- 4.2 IPH had given a letter of undertaking to the Company dated 30 May 2018 (“**Undertaking Letter**”) pursuant to which it unconditionally and irrevocably represent, warrant and undertake to the Company that it shall, by the closing date of the Rights Issue (“**Irrevocable Undertaking**”):
- (a) subscribe for and/or procure subscriptions for its entitlement of Rights Shares under the Rights Issue, being an aggregate of up to 191,226,320 Rights Shares, representing approximately 65.31% of the total number of Rights Shares to be issued by the Company under the Rights Issue;
 - (b) make applications for or procure excess applications for all remaining Rights Shares not subscribed for as at the close of the Rights Issue, being a maximum of up to 101,588,346 excess Rights Shares; and
 - (c) pay for the Rights Shares which it has undertaken to subscribe or apply for on the terms of the Undertaking Letter and the OIS and any accompanying document that will be lodged with the SGX-ST acting as agent for the MAS in respect of the Rights Issue.
- 4.3 In connection with the Irrevocable Undertaking, IPH has also furnished to the Company a letter of confirmation of financial resources issued by a reputable financial institution in Singapore dated 24 May 2018 confirming that a minimum amount of S\$2,500,000 (“**Minimum Amount**”) has been earmarked in IPH’s account for purposes of fulfilling its obligations pursuant to the Irrevocable Undertaking.

- 4.4 The Minimum Amount was arrived at taking into account a shareholder's loan of approximately S\$733,500 owing to IPH from the Company as at the date of this announcement ("**Shareholder's Loan**"). The Company and IPH have agreed to fully set off the Shareholder Loan against the subscription monies payable by IPH for its Right Shares.
- 4.5 In the event that none of the other Shareholders takes up the Rights Shares, IPH would, pursuant to the irrevocable undertakings set out in paragraph 4.2 above, apply for the maximum number of excess Rights Shares, thereby resulting in it holding an aggregate interest in up to 579,654,146 Shares upon the issue and allotment of the Rights Shares, representing approximately up to 79.18% of the Enlarged Share Capital ("**Maximum Shareholding**").
- 4.6 Catalist Rule 723 requires that an issuer must ensure that at least 10% of the total number of issued shares in a class that is listed is at all times held by the public, whereby "public" refers to persons other than (a) directors, chief executive officer, substantial shareholders, or controlling shareholders of the issuer or its subsidiaries, and (b) associates of such persons. In the event that no other Shareholders subscribes for the Rights Shares and IPH subscribes for all the Rights Shares, it would result in IPH holding the Maximum Shareholding, and the percentage of Shares held by the public would be approximately 11.72% ("**Public Float**"), which is more than the minimum 10% required under Catalist Rule 723. For the avoidance of doubt, the Public Float was arrived at after excluding the Maximum Shareholdings of IPH, and the Shares held by Mr Low Song Take, Mr Woo Khai Chong, Mr Woo Khai San, and Mr Low Ka Choon Kevin, who are the directors of the Company.

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

- 5.1 The Company proposes to provisionally allot the Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), comprising Entitled Depositors (as defined below) and Entitled Scripholders (as defined below), on the basis of their shareholdings as at the Books Closure Date.
- 5.2 Entitled Shareholders will be entitled to participate in the Rights Issue and receive the OIS together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the Central Depository (Pte) Limited ("**CDP**") or the Share Registrar (as defined below), as the case may be.
- 5.3 **Entitled Depositors.** Entitled Shareholders whose Shares are registered in the name of CDP and whose securities accounts with CDP are credited with Shares as at the Books Closure Date ("**Depositors**") will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date. To be "**Entitled Depositors**", Depositors must have registered addresses with CDP in Singapore as at the Books Closure Date or if they have registered addresses outside Singapore must have, not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Books Closure Date, provided CDP, at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Tower 2, Singapore 138588, with addresses in Singapore for the service of notices and documents.

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts as at 5.00 p.m. (Singapore time) on the Books Closure Date.

- 5.4 **Entitled Scripholders.** Entitled Scripholders are Entitled Shareholders whose share certificates are not deposited with CDP and who have tendered to M&C Services Private Limited (“**Share Registrar**”) valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date, provided that such Entitled Scripholders have registered addresses in Singapore with the Share Registrar as at the Books Closure Date or if they have registered addresses outside Singapore, must have, not later than 5.00 p.m. (Singapore time) on the date falling three (3) Market Days prior to the Books Closure Date, provided the Share Registrar at 112 Robinson Road #05-01 Singapore 068902 with addresses in Singapore for the service of notices and documents.
- 5.5 Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine the entitlement to provisional allotments of Rights Shares.
- 5.6 Shareholders who hold Shares under the CPF Investment Scheme (“**CPF Investment Scheme Members**”), the Supplementary Retirement Scheme (“**SRS**”) or through a finance company and/or Depository Agent can only accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares through their respective approved CPF agent banks (in the case of CPF Investment Scheme Members), their relevant approved banks with which they hold their SRS accounts, or the respective finance companies and/or Depository Agents through which such Shareholders hold Shares. For CPF Investment Scheme Members, acceptances of Rights Shares and (if applicable) applications for Excess Rights Shares, can only be made using CPF funds. In the case of insufficient CPF funds or stock limit, CPF Investment Scheme Members could top-up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Shares and (if applicable) apply for Excess Rights Shares. **ANY APPLICATION MADE BY THE ABOVE-MENTIONED SHAREHOLDERS DIRECTLY TO CDP OR THROUGH AUTOMATED TELLER MACHINES (IF AVAILABLE) WILL BE REJECTED.** Such Shareholders should refer to the OIS for the details relating to the offer procedure in connection with the Rights Issue.
- 5.7 **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore and who have not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The OIS and accompanying documents will not be mailed outside Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in

the Rights Issue. No provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares therefore by any Foreign Shareholder will be valid.

- 5.8 As the Rights Issue is non-renounceable, the Company will not be able to arrange for provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold on the SGX-ST, and to apply the net proceeds from all such sales for distribution to Foreign Shareholders. Entitlements to Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be used to satisfy excess application or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.
- 5.9 **SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.**
- 5.10 A **“Market Day”** means a day on which the SGX-ST is open for trading in securities.

6. APPROVALS

- 6.1 **Shareholders’ Approval.** The Directors propose to issue the Rights Shares in accordance with the authority granted by the Share Issue Mandate.
- 6.2 **SGX-ST’s Approval.** The Rights Issue is subject to the receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation of the Rights Shares on Catalist. PrimePartners Corporate Finance Pte. Ltd., acting as sponsor to, and on behalf of, the Company, will submit an additional listing application to the SGX-ST for permission for the listing and quotation of the Rights Shares on Catalist. An appropriate announcement on the outcome of the application will be made in due course.
- 6.3 **Lodgement.** The Rights Issue is subject to the lodgement of the OIS with the SGX-ST, acting as agent on behalf of MAS.

7. GENERAL

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the OIS to be lodged with the SGX-ST acting as agent on behalf of MAS and despatched to Entitled Shareholders in due course.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Saved as disclosed in this announcement, none of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Rights Issue, other than through their respective shareholdings in the Company.

9. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that, after taking into consideration the present bank facilities and the proceeds from the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.

10. RESPONSIBILITY STATEMENT

10.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

10.2 Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. CAUTION IN TRADING

11.1 **Shareholders and potential investors are advised to exercise caution in the trading of their shares in the Company.**

11.2 The completion of the Rights Issue is subject to certain conditions being fulfilled. As at the date of this announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Rights Issue and other matters contemplated by this announcement. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully.

11.3 Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teh Eng Chai
Company Secretary

Date: 1 June 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*